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HOUSE BILL 235

**48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

INTRODUCED BY

Brian K. Moore

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO TAX ADMINISTRATION; REQUIRING THE SECRETARY OF  
TAXATION AND REVENUE TO DEVELOP A TAX EXPENDITURE BUDGET;  
REQUIRING REPORTING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Tax Administration Act is  
enacted to read:

"~~[NEW MATERIAL]~~ TAX EXPENDITURE BUDGET--MANDATORY REPORT--  
SECRETARY'S DUTY--DEADLINE.--

A. No later than October 15 of each year, the  
secretary shall compile a tax expenditure budget for the  
upcoming fiscal year and present the tax expenditure budget,  
including an analysis, of tax expenditures to the governor and  
the legislative finance committee. The tax expenditure budget  
shall report on tax expenditures with revenue impacts of more

.164769.3

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1 than one million dollars (\$1,000,000) in the aggregate for a  
2 specific tax expenditure.

3 B. A tax expenditure budget shall detail the  
4 approximate costs in lost revenue from tax expenditures. A tax  
5 expenditure budget shall:

6 (1) include a projection of the costs of tax  
7 expenditures for all significant general fund revenue sources;

8 (2) identify each tax expenditure and its  
9 statutory basis, year of enactment, date of repeal, if any, and  
10 purpose;

11 (3) quantify the revenue lost to the state  
12 from each tax expenditure;

13 (4) identify the beneficiaries of the tax  
14 expenditure, including the number of businesses that used the  
15 tax expenditure and the number of businesses that potentially  
16 qualify but failed to use the tax expenditure, to the extent  
17 possible;

18 (5) identify unintended consequences of the  
19 tax expenditure that have come to the attention of the  
20 department; and

21 (6) provide a total of all of the costs in  
22 each fiscal year for all tax expenditures.

23 C. As used in this section:

24 (1) "significant general fund revenue sources"  
25 means state taxes, including the gross receipts tax,

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1 compensating tax, corporate income tax, personal income tax,  
2 tobacco excise tax, liquor excise tax, severance taxes, motor  
3 vehicle excise tax, gaming excise tax and other sources of  
4 revenue such as rents and royalties, tribal revenue sharing,  
5 fire protection fund reversions, premium taxes and the leased  
6 vehicle surcharge;

7 (2) "tax expenditure" means a tax provision in  
8 state law that exempts, in whole or in part, a person, income,  
9 goods, services or property from established taxes, including  
10 deductions, credits, exemptions, exclusions, preferential tax  
11 rates, subtractions or allowances; and

12 (3) "tax expenditure budget" means a  
13 compilation of information about New Mexico's tax expenditures  
14 that includes data from the three years preceeding the current  
15 fiscal year, the current fiscal year and the upcoming fiscal  
16 year."